THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) No authorization is required from the Reserve Bank of India for brokers to trade in Government securities However, RBI maintains an approved list of Brokers for undertaking select transactions on behalf of Employees, Coalminers & Seamens Provident Funds whos investments in State Government/Government guaranteed securities are managed by RBI.

(b) and (c) Some brokers who had applied have been allowed to open Subsidiary General Ledger (SGL) Accounts with RBI. As on 27-7-1994, the following four brokers had SGL accounts with RBI :

(i) M/s. Paterson & Co., Madras;

(ii) M/s. G. M. Bosu & Co., Calcutta;

(iii) M/s. Gupta & Co., New Delhi; and

(iv) M/s. Vinod Kumar & Co., New Delhi.

(d) The practice of allowing brokers to open SGL Accounts was started in July 1986 Initially, only one broker viz. M/s. Paterson & Co. Pvt. Ltd., Madras was granted permission to open SGL Account with RBI.

(e) The objective of allowing SGL account facility to brokers is to discourage holding of securities in physical form and to facilitate settlement of transactions by mere transfer of entries between two accounts. Initially in 1986 brokers were allowed to open SGL accounts subject to the condition that the minimum holding of Government securities should be Rs. 10,000. In March, 1993 it was decided that only stock brokers of approved list of RBI be given the facility subject to the condition that minimum balance to be held in the SGL account should be rupees one lakh.

Profit and loss of Public Sector Banks

1947. SHRI SURESH PACHOURI: Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 28 given in the Rajya Sabha on 26th July, 1994 and state:

(a) what are the efforts being made by Government to see that the public sector bankes do not incur losses;

(b) whether any guidelines have been issued by the RBI to these public sector banks; and

(c) what is the trend in 1994-95 in the performance of the public sector banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) In order to improve their profitability, nationalised banks have entered into performance agreements (MoU) with the Reserve Bank of India (RBI). Accordingly, steps are being taken to improve credit management, reduce the volume of non-performing assets and minimise operational expenditure The implementation of these agreements is being reviewed internally by the banks and by the RBI/Government. The RBI has also issued necessary guidelines to the banks in this regard.

(c) RBI has reported that banks will be required to make lesser provisioning in respect of reduced non-performing assets for the year ending 31st March, 1995 and this is likely to improve the profitability and performance of the public sector banks.

C.B.I. raids on stockbrokers

1948. SHRIMATI KAMLA SINHA: DR. BAPU KALDATE:

Will the Minister of FINANCE be pleased to state:

(a) whether C.B.I. raids were recently conducted on stock-brokers and firms in the country;

(b) if so, what are the details thereof;

(c) what is the outcome of these raids conducted on stockbrokers and firms in the country; and

(d) what action has been taken/proposed to be taken by Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes Sir.

(b) On 7.7.1994 and 12.7.94, CBI conducted raids on stockbroking firms at 44 places in the country in connection with bank scam cases.

(c) The relevant incriminating documents have been seized during the searches which are being scrutinsed by CBI.

(d) As the investigation of the cases by the CBI is not yet over, it is premature to indicate the action proposed to be taken in the matter.

Freefloat of rupee

1949. SNRI ANANTRAY DEVSHANKER DAVE:
SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) what are the reasons that Government do not permit free float of a rupee against foreign currencies in India;

(b) whether it is a fact that the exchange rate of a dollar against rupee would find the ratio of 1 to 28 as against prevailing RBI ratio of 1 to 31.4;

(c) how long the ratio of 1 to 28 would be sustainable; and

(d) whether it is likely to make exports more costly and less profitable?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) After the unification of the exchange rate in March 1993, the exchange rate has been determined by demand for and supply of foreign exchange in the market As there was excess supply of foreign exchange in the market the Reserve Bank of India has been purchasing foreign exchange in order to build up reserves which are required to meet any contingency which may arise from time to time in the context of a more open economy.

(b) and (c) Given that the exchange rate is market determined, its future level cannot be predicted with any certainty.

(d) If the exchange rate was to appreciate, exports will become more costly and less profitable and this may hurt our export growth.

Decline in NSS

1950. SHRI INDER KUMAR GUJRAL: Will the Minister of FINANCE be pleased to state:

(a) what is the total amount presently deposited in the National Savings Schemes accounts in the country:

(b) whether it is a fact that the deposits to the National Savings Scheme accounts have declined sharply after the introduction of provision of deduction of income tax @ 20 percent from the withdrawn amount; if so, details of estimated decline in deposits:

(c) whether it is a fact that the provision regarding deduction of Income Tax from the amount withdrawn from the NSS has resulted in harassment to the Government employees holding such accounts and has not served the purpose for which this provision was introduced; and

(d) whether it is also a fact that provision regarding deduction of Income tax from the withdrawn amount had virtually a retrospective application rather than a prospective one; if so, whether Government propose to review the continuance of this provision after obtaining legal advice?